

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 RSC-01 FAA-00 SSO-00 SS-15

PM-03 INRE-00 PA-01 PRS-01 USIE-00 NSC-05 NSCE-00 L-02

IO-10 AID-05 IGA-01 OMB-01 TRSE-00 CIEP-01 SP-02 /071 W

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O R 211852Z JAN 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE NIACT 3583

INFO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: EAIR, PE

SUBJECT: CIVAIR CONSULTATIONS

FOLLOWING IS TEXT STATEMENT MADE BY HARDING LAWRENCE MORNING
JANUARY 21H T BRANIFF-AEROPERU MEETING. SEPTTEL FOLLOWS
ANALYZING SITUATION AND REQUESTING INSTRUCTIONS.

WE APPRECIATE YOUR HAVING MET WITH US LAST THURSDAY TO
CONSIDER A SHARED CAPACITY AGREEMENT WHICH WE THOUGHT MIGHT
RESOLVE OUR MUTUAL PROBLEMS AND LEAD TO AN AGREEMENT BETWEEN
OUR GOVERNMENTS.

I SINCERELY FELT WE COULD HELP AEROPERU DEVELOP IN AN
ORDERLY AND PROFITABLE MANNER. ALL WE ASKED IN EXCHANGE IS
THE RIGHT TO SERVE THE GROWING MARKET IN SOUTH AMERICA
AS WE ALWAYS HAVE DONE. WE HOPED YOU HAD FOUND IT
A FORWARD MOVING CONTRIBUTION.

IT IS AN UNDERSTATEMENT TO SAY THAT I AM DISAPPOINTED
IN YOUR COUNTER PROPOSAL OF YESTERDAY. IN CONTRAST TO
THE OFFERS OF MY GOVERNMENT AND OUR OWN PROPOSALS, I FIND
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YOU ALTERING THE PRINCIPLES OF SHARED CAPACITY, AND GIVING

NOTHING.

YOU CONTINUE TO BE COMMITTED WITHOUT ANY REAL CHANGES TO THE TERMS OF THE PERMIT ISSUED TO BRANIFF WHICH ARE SCHEDULED TO BECOME EFFECTIVE FEBRUARY 1ST. IT IS IN MY OPINION NOT REALISTIC TO ATTEMPT TO NEGOTIATE ON THE BASIS OF THAT PERMIT. AFTER ALL, IT EXPIRES BY ITS TERMS FEBRUARY 28TH. HOWEVER, EVEN IF THAT PERMIT WERE TO BE EXTENDED, WE HAVE REPEATEDLY TOLD YOU, AND MY GOVERNMENT HAS TOLD YOUR GOVERNMENT, THAT THAT PERMIT COULD NOT FORM THE BASIS OF AN AGREEMENT.

FURTHER, YOUR COUNTER PROPOSAL SAYS THAT BRANIFF CAN BE FURTHER RESTRICTED AT ANY TIME AEROPERU BEGINS A NEW SERVICE. THE AGREEMENT YOU PROPOSE BETWEEN AEROPERU AND BRANIFF IS NOT SHARED CAPACITY AT ALL. IT IS A KIND OF LONG-TERM POOLING THAT WOULD VIOLATE OUR LAWS AND COULD NOT BE APPROVED BY MY GOVERNMENT. MOREOVER, HFEXJUOPPOSAL TO HANDLE INTERLINE TRANSACTIONS AT SHARED CAPACITY RATES IS NOT ONLY A VIOLATION OF OUR LAWS, BUT IS ALSO PROHIBITED BY I.A.T.A. IT AMOUNTS TO PAYING A 60 PERCENT COMMISSION. CLEARLY NO AIRLINE COULD DO THAT. THEREFORE WE CANNOT CONSIDER YOUR VERSION OF SHARED CAPACITY.

IN SUM, I BELIEVE MY GOVERNMENT HAS TRIED TO OFFER CONCESSIONS TO MEET YOUR NEED. I KNOW BRANIFF HAS TRIED TO DO THE SAME. IN CONTRAST, I SEE NO REAL CHANGE ON YOUR PART TO MEET OUR NEEDS AS EXPRESSED TO YOU BY US AND BY OUR GOVERNMENT. IF YOU ARE PREPARED TO OFFER POSITIVE SUGGESTIONS, WE ARE PREPARED TO CONSIDER ANY REASONABLE PROPOSALS. WE DO NOT HAVE A CLOSED-MIND BUT IN ALL HONESTY WE ARE A LONG WAY APART. THAT, I REGRET.

I SHOULD RETURN TO THE UNITED STATES TONIGHT. UNLESS A BASIS FOR AIRLINE NEGOTIATIONS CAN BE FOUND--AND TIME IS RUNNING OUT--, I WILL RELUCTANTLY HAVE TO INFORM MY GOVERNMENT OF OUR INABILITY TO PROGRESS IN NEGOTIATIONS. THE NEXT STEP WOULD BE UP TO THEM. IT SEEMS NOT UNLIKELY IN THE LIGHT OF NEGOTIATIONS OVER THE PAST FEW MONTHS, THAT WE FACE A SUSPENSION OF SERVICE BY BOTH AIRLINES.
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THIS WOULD BE REGRETTABLE NOT ONLY FOR US AS AIRLINES, BUT ALSO FOR THE TRAVELING PUBLIC AND IT IS MY HOPE THAT OUR GOVERNMENTS WOULD BE ABLE TO FIND SOME WAY TO MINIMIZE THE UNFORTUNATE IMPACT OF AN ABRUPT CESSATION OF SERVICE.
BARNEBEY

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